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THE
ALLEGED FAILURE
OF
CO-OPERATIVE PRODUCTION.

BY
EDWARD OWEN GREENING.

PUBLISHED BY

The Labour Association,

CENTRAL OFFICE:

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ONE PENNY.

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It is strange how hard it is to kill a popular notion about the social forces at work among us. The mass of educated people are either too busy, or, for other reasons are unwilling to take upon themselves the labour of personal investigation into social phenomena. They therefore simply accept the traditions received from the Elders, and fortified with the authority of some name of orthodox repute, steadfastly shut their eyes to new facts. The incomplete and often false conclusions which were preached by great political economists about peasant proprietorship near fifty years ago, are still repeated by all the lesser lights of the dismal science. And, in like fashion, statements that were made ten or twenty years ago respecting Co-operative production, still pass current. Some of the statements have been more or less true at the time, but are now completely negatived by the recent progress of the movement. Messrs. BRIGGS' scheme of profit-sharing failed from quite exceptional causes several years ago, and it is quite common to meet English manufacturers who believe this to have been the only attempt of the kind; and, who found upon its failure a prophecy that similar attempts must needs prove unavailing. They know little or nothing of the splendid success of the profit-sharing principle upon the Continent, or of M. M. Leclaire and Godin, and many another, who are peacefully solving the industrial problem there. Even thoughtful writers like Professor BEASLEY, republish *now* statements made by them fifteen years ago of the failure of productive Co-operative Societies, oblivious of the change which these fifteen years have brought about. And, strangest of all, among Co-operators themselves, similar fallacies have found a hearing. Two years ago, the Wholesale Society's Almanack gave a long list of 224 failures of productive societies; failures, which, it was hinted, arose from "a desire on the part of a few workmen in each district or trade named, to obtain for themselves alone the profit arising from the goods which they pro-

duced and sold." Naughty, selfish men, to wish to keep for themselves the results of their own labour! The writer of this pamphlet, by the courtesy of the Registrar of Friendly Societies, had the opportunity of testing the accuracy of the statement, with the following results:—

Of the 224 "failures" debited by the writer largely to the account of "workmen desiring to obtain for themselves alone the profits," I can only find twenty-four societies, which by their rules proposed to give any definite proportion of profit to the workers. Two or three more proposed to do something in the way of education, or other philanthropic means for the benefit of the workers.

On the other hand, forty-four of the failures were based upon the principle of dividing profits with the customers, and several otherwise provided for advantages in their favour.

All the rest of the long array of failures, so far as there is any evidence to show, were based upon the ordinary principle of joint stock and private trading, the profits simply going to the capitalists in proportion to their capital.

Of the seven printing companies which have failed, four or five appear to have been mere joint stock companies. Those which were co-operative offered as much profit to custom as to labour, and were even more liberal to purchasers than the co-operative printing companies, which are known now to be successful.

The analysis I have made of the societies which have failed, brings out, with the clearness of a demonstration, that neither the offer of all the profits to the capitalist, nor the offer of a portion to the consumer ensures success. This conclusion, as regards the consumer, becomes all the more certain when we go further into details. Of the twenty-four societies which proposed to give a share of the profits to the workers, almost all proposed to give an equal amount to the customers, and many offered twice as much to customers as to workers. They cannot, therefore, have failed from want of effort to interest purchasers in their success.

On the other hand, of the forty-four societies which divided profits with customers and yet failed, one half offered no inducement to the workers to take an interest in their success. These may therefore have failed, partly from want of an internal interest on the part of *employés*. And if we add that three-fourths at least of all the failures offered everything to capital, it becomes evident that whilst none can have been

injured from the reason assigned by the writer of the "Wholesale Annual" article, a good many may have failed from the cause I have hinted at in regard to consumers' societies.

The fact of the matter is, that there is too much readiness to jump to wrong conclusions on the question of failure. Every kind of human enterprise is liable to fail from a variety of reasons. Insufficient capital; want of requisite technical skill; unforeseen accidents; momentary disagreements of managers; outside commercial disasters; fluctuations in markets, and a thousand and one other circumstances may bring about failure quite independently of the relations of the enterprise towards its workers.

Look at the facts of ordinary trade. It is probably no exaggeration to say that seventy-five per cent. of all the private traders in the kingdom meet with a failure at some period of their career. Yet no one concludes that private enterprise is hopeless. The admitted successes prove the possibility of success, and therefore the men who fail are permitted to try again, and encouraged to do so.

No doubt most of the societies founded a generation ago were never really prosperous, and have now almost all failed. The error of our critics consists in not discovering the progress of recent years. Every student of the Co-operative movement knows how uncertain was the success of distributive co-operation before 1844; and how the improved method of the Rochdale Pioneers initiated a course of unchequered success. Similarly, productive co-operation seems now to have emerged from the stage of infant delicacy, and to be gaining new stamina with every year. The last ten years have brought a steady and tolerably rapid progress. There are few failures now to be chronicled; while there have been some startling successes. The following details as to some of the societies may surprise many:—

The Paisley Co-operative Manufacturing Society, has now been established over twenty years. The results for 1884, show that it has secured a firm position, and a good business. The increase of sales over 1883, was $17\frac{1}{2}$ per cent. The profits were equal to 39 per cent. per annum on the Share capital. The last dividend on share capital was equal to $9\frac{3}{4}$ per cent. per annum, and $10\frac{1}{2}$ d. in the £ was voted to purchasers and *employés* on their custom in the one case, and their wages in the other.

The Hebden Bridge Fustian Manufacturing Society, Limited, has now

been established thirteen years. It manufactures fustians and fustian clothing. It commenced in the humblest way, and with every disadvantage to combat. Yet it has steadily grown until its share capital amounts to £16,878, and its loan capital to £2,080. Its shares are at about 50 per cent. premium, and it could obtain any amount of loan capital it would accept at about 4 per cent. interest. Its last year's business amounted to £22,979, and the profits to £1,591, or over 9 per cent. on its share capital. It pays $7\frac{1}{2}$ per cent. on capital, and returns to purchasers 3d. in the £ on their purchases after previously allowing them $2\frac{1}{2}$ per cent. discount for cash. Considering that its sales are all at wholesale prices, this cannot be considered doing badly either for capitalist or customers. At all events the dividends to both are higher than the Wholesale Society is able to make out of its own workshops. Yet the Hebden Bridge Fustian Works is conducted on the plan of giving a share of profits to labour, and every *employé* in the works, from manager down to porter, is probably a shareholder. The workpeople vote in the election of the committee, and have accumulated about £2,000 of share capital.

The Manchester Co-operative Printing Society has been established over thirteen years. It has acquired a business of over £37,000 per annum. Has £14,903 of share capital, and £12,852 of loan capital. It has also accumulated a reserve fund of £2,050. Notwithstanding the fact that £22,413 of its capital is sunk in buildings and plant which do not give such good returns as floating capital, it realised last year a profit equal to $17\frac{1}{4}$ per cent. on its share capital.

The Airedale Co-operative Worsted Manufacturing Society, Limited, has been established over ten years. It produces mixed silk and worsted dress goods. After a prolonged and patient struggle it has obtained an assured success, its profits for last year being at the rate of 25 per cent. per annum on its share capital. It paid its shareholders a dividend and bonus at the rate of $13\frac{3}{4}$ per cent. per annum. It returned $7\frac{1}{2}$ d. in the £ to its wholesale customers, and gave a similar bonus on wages to its *employés*. It is steadily growing in capital and trade, and is creating a reserve fund, which will render its future secure. This recent success it must be remembered has been achieved in a time of great depression in Bradford.

The Coventry Co-operative Watch Manufacturing Society, Limited, has been established seven years. Although a small society as yet, it is

not likely to long remain so, as the watches it makes have so thoroughly established themselves in public favour, that the demand outruns its present power of supply. The profits for last year were equal to 14 per cent. per annum on its share capital. It gave its shareholders a dividend and bonus equal to nearly $12\frac{1}{2}$ per cent. per annum. It allotted, besides, a bonus of 5d. in the £ to its customers on their purchases, and $10\frac{1}{2}$ d. in the £ to its *employés* on their wages. It has a reserve fund equal to 25 per cent. of its share capital. Its *employés* increase their investments more rapidly than outsiders, a certain proof of inside confidence and soundness of position.

The Leicester Second Co-operative Hosiery Manufacturing Society, Limited, has been established over six years. It has now 114 members, and a business which has doubled itself during the last three years. The dividends since its establishment have averaged $7\frac{1}{2}$ per cent. per annum. Its reserve fund is quite equal to 15 per cent. on its share capital; and it has just adopted the Hebden Bridge rule as regards the division of its profits in future.

The Sheffield Industrial and Provident Cutlery Trading and Manufacturing Society, Limited, has been established about 8 years. It has had to struggle hard for life; but last year succeeded in making a profit equal to 15 per cent. on its share capital. It also is now adopting the Hebden Bridge rule as regards division of its profits.

The Northampton Productive Boot and Shoe Works has only recently been established; but last year it made a profit equal to 100 per cent. on its share capital. The bonus to workers actually amounted to an addition of 4s. 2d. in the £ upon their wages.

I think I may say that this list gives an average of success far beyond what can be shown to have been recently achieved by any other form of productive enterprise in the country—whether joint-stock, private, or so-called co-operative.

But I venture to go further, and to claim for this small knot of really co-operative producing societies a success which cannot be measured by money results.

If any one will look at the composition of our annual congresses, our frequent local conferences, our central board of management, the committees of our newspapers and other propagandist bodies, they will find everywhere a number of active, earnest, and thoughtful men, who have

been contributed to the movement by these productive societies. This system of human partnership clearly, then, develops character of a high order—makes men as well as money.

Every great originator of systems of human society, from Moses down to Wesley, or from Fox to Robert Owen, have based the success of their organizations upon the development of character. The great Founder of Christianity himself held all other things of little account. Now nothing which has been based upon the power of money, or even upon the power of conquest, has stood the test of time; whilst everything based upon character has ever been increasingly successful.

This, then, is surely the highest test of success. And inasmuch as our system of true co-operative production—based upon the idea of human partnership and brotherhood in work—has been proved to fulfil this higher test, we claim a verdict in its favour from every true friend of humanity who thinks and feels.

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LABOUR ASSOCIATION,

FOR PROMOTING CO-OPERATIVE PRODUCTION BASED ON THE
CO-PARTNERSHIP OF THE WORKERS.

CENTRAL OFFICE:

1, NORFOLK STREET, STRAND, LONDON, W.C.

OBJECTS:

To form public opinion on the subject of Associated Labour by the following means, viz.:

First.—The publication and supply of Literature.

Second.—The delivery of Lectures, Addresses, etc.

Third.—The holding of Conferences of all classes of persons interested in the elevation of the Worker.

To assist working men to organise themselves for mutual self-employment.

To enlist the active interest of the Trade Societies in the Co-operative Movement.

To secure a united action of Trade-unionist and Co-operators for mutual benefit and progress.

To give information generally on the position of Co-operative Workshops and the condition of the Workers.